

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 427

Introduced by Pankonin, 2.

Read first time January 20, 2009

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend sections 23-2301,
2 84-1503, and 84-1511, Reissue Revised Statutes of
3 Nebraska, and section 77-3442, Revised Statutes
4 Cumulative Supplement, 2008; to adopt the County Law
5 Enforcement Officer Retirement Act; to provide duties
6 for the Public Employees Retirement Board; to harmonize
7 provisions; and to repeal the original sections.

8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 46 of this act shall be known
2 and may be cited as the County Law Enforcement Officer Retirement
3 Act.

4 Sec. 2. For purposes of the County Law Enforcement
5 Officer Retirement Act:

6 (1) Actuarial equivalent means the equality in value of
7 the aggregate amounts expected to be received under different forms
8 of an annuity payment;

9 (2) Annuity means equal monthly payments provided by the
10 retirement system to a member or beneficiary under forms determined
11 by the board beginning the first day of the month after an
12 annuity election is received in the office of the Nebraska Public
13 Employees Retirement Systems or the first day of the month after
14 the employee's termination of employment, whichever is later. The
15 last payment shall be at the end of the calendar month in which the
16 member dies or in accordance with the payment option chosen by the
17 member;

18 (3) Annuity start date means the date upon which a
19 member's annuity is first effective and shall be the first day of
20 the month following the member's termination or following the date
21 the application is received by the board, whichever is later;

22 (4) (a) Compensation means gross wages or salaries payable
23 to the member for personal services performed during the plan
24 year. Compensation does not include insurance premiums converted
25 into cash payments, reimbursement for expenses incurred, fringe

1 benefits, or bonuses for services not actually rendered, including,
2 but not limited to, early retirement inducements, cash awards,
3 and severance pay, except for retroactive salary payments paid
4 pursuant to court order, arbitration, or litigation and grievance
5 settlements. Compensation includes overtime pay, member retirement
6 contributions, and amounts contributed by the member to plans under
7 sections 125, 403(b), and 457 of the Internal Revenue Code or any
8 other section of the code which defers or excludes such amounts
9 from income.

10 (b) Compensation in excess of the limitations set forth
11 in section 401(a)(17) of the Internal Revenue Code shall be
12 disregarded;

13 (5) Date of adoption of the retirement system by each
14 county means January 1, 2010;

15 (6) Date of disability means the date on which a member
16 is determined by the board to be disabled;

17 (7) Defined contribution benefit means a member's
18 retirement benefit from a money purchase plan in which member
19 benefits equal annual contributions and earnings pursuant to
20 section 12 of this act and, if vested, employer contributions and
21 earnings pursuant to section 14 of this act;

22 (8) Disability means an inability to engage in a
23 substantially gainful activity by reason of any medically
24 determinable physical or mental impairment which can be expected to
25 result in death or be of a long and indefinite duration;

1 (9) Employee means any person employed by a county of
2 the State of Nebraska on a permanent basis as a law enforcement
3 officer;

4 (10) Employee contribution credit means an amount equal
5 to the member contribution amount required by section 10 of this
6 act;

7 (11) Employer contribution credit means an amount equal
8 to the employer contribution amount required by section 11 of this
9 act;

10 (12) Final account value means the value of a member's
11 account on the date the account is either distributed to the member
12 or used to purchase an annuity from the plan, which date shall
13 occur as soon as administratively practicable after receipt of a
14 valid application for benefits, but no sooner than forty-five days
15 after the member's termination;

16 (13) Five-year break in service means a period of five
17 consecutive one-year breaks in service;

18 (14) Full-time employee means an employee who is employed
19 to work one-half or more of the regularly scheduled hours during
20 each pay period;

21 (15) Future service means service following the date of
22 adoption of the retirement system;

23 (16) Guaranteed investment contract means an investment
24 contract or account offering a return of principal invested plus
25 interest at a specified rate. Guaranteed investment contract

1 does not include direct obligations of the United States or
2 its instrumentalities, bonds, participation certificates or other
3 obligations of the Federal National Mortgage Association, the
4 Federal Home Loan Mortgage Corporation, or the Government National
5 Mortgage Association, or collateralized mortgage obligations and
6 other derivative securities;

7 (17) Interest credit rate means the greater of (a) five
8 percent or (b) the applicable federal mid-term rate, as published
9 by the Internal Revenue Service as of the first day of the calendar
10 quarter for which interest credits are credited, plus one and
11 one-half percent, such rate to be compounded annually;

12 (18) One-year break in service means a plan year during
13 which the member has not completed more than five hundred hours of
14 service;

15 (19) Participation means qualifying for and making the
16 required deposits to the retirement system during the course of a
17 plan year;

18 (20) Part-time employee means an employee who is employed
19 to work less than one-half of the regularly scheduled hours during
20 each pay period;

21 (21) Plan year means the twelve-month period beginning on
22 January 1 and ending on December 31;

23 (22) Prior service means service prior to the date of
24 adoption of the retirement system;

25 (23) Regular interest means the rate of interest earned

1 each calendar year as determined by the retirement board in
2 conformity with actual and expected earnings on the investments
3 through December 31, 2008;

4 (24) Required contribution means the deduction to be made
5 from the compensation of employees as provided in the act;

6 (25) Retirement means qualifying for and accepting
7 the retirement benefit granted under the act after terminating
8 employment;

9 (26) Retirement board or board means the Public Employees
10 Retirement Board;

11 (27) Retirement system means the County Law Enforcement
12 Officer Retirement System;

13 (28) Service means the actual total length of employment
14 as an employee and is not deemed to be interrupted by (a) temporary
15 or seasonal suspension of service that does not terminate the
16 employee's employment, (b) leave of absence authorized by the
17 employer for a period not exceeding twelve months, (c) leave
18 of absence because of disability, or (d) military service, when
19 properly authorized by the retirement board. Service does not
20 include any period of disability for which disability retirement
21 benefits are received under section 21 of this act;

22 (29) Surviving spouse means (a) the spouse married to
23 the member on the date of the member's death or (b) the spouse
24 or former spouse of the member if survivorship rights are provided
25 under a qualified domestic relations order filed with the board

1 pursuant to the Spousal Pension Rights Act. The spouse or former
2 spouse shall supersede the spouse married to the member on the
3 date of the member's death as provided under a qualified domestic
4 relations order. If the benefits payable to the spouse or former
5 spouse under a qualified domestic relations order are less than
6 the value of benefits entitled to the surviving spouse, the spouse
7 married to the member on the date of the member's death shall be
8 the surviving spouse for the balance of the benefits;

9 (30) Termination of employment occurs on the date on
10 which a county determines that its employer-employee relationship
11 with an employee is dissolved. The county shall notify the
12 board of the date on which such a termination has occurred.
13 Termination of employment does not occur if an employee whose
14 employer-employee relationship with a county is dissolved enters
15 into an employer-employee relationship with the same or another
16 county which participates in the County Law Enforcement Officer
17 Retirement System and there are less than one hundred twenty days
18 between the date when the employee's employer-employee relationship
19 ceased with the county and the date when the employer-employee
20 relationship commenced with the same or another county which
21 qualifies the employee for participation in the plan. It shall
22 be the responsibility of the current employer to notify the board
23 of such change in employment and provide the board with such
24 information as the board deems necessary. If the board determines
25 that termination of employment has not occurred and a termination

1 benefit has been paid to a member of the retirement system pursuant
2 to section 26 of this act, the board shall require the member who
3 has received such benefit to repay the benefit to the retirement
4 system; and

5 (31) Vesting credit means credit for years, or a fraction
6 of a year, of participation in another Nebraska governmental plan
7 for purposes of determining vesting of the employer account.

8 Sec. 3. (1) A county law enforcement officer retirement
9 system shall be established for the purpose of providing a
10 retirement annuity or other benefits for employees as provided
11 by the County Law Enforcement Officer Retirement Act. It shall be
12 known as the County Law Enforcement Officer Retirement System, and
13 by such name shall transact all business and hold all cash and
14 other property as provided in the act.

15 (2) The retirement system shall not accept as
16 contributions any money from members or participating counties
17 except the following:

18 (a) Mandatory contributions established by sections 10
19 and 11 of this act;

20 (b) Payments on behalf of transferred employees made
21 pursuant to section 8 or 9 of this act;

22 (c) Money that is a repayment of refunded contributions
23 made pursuant to section 29 of this act;

24 (d) Contributions for military service credit made
25 pursuant to section 32 of this act;

1 (e) Actuarially required contributions pursuant to
2 subdivision (4)(b) of section 24 of this act;

3 (f) Trustee-to-trustee transfers pursuant to section 35
4 of this act; or

5 (g) Corrections ordered by the board pursuant to section
6 5 of this act.

7 Sec. 4. It shall be the duty of the board to administer
8 the County Law Enforcement Officer Retirement Act as provided in
9 section 84-1503. The board shall adopt and promulgate rules and
10 regulations to carry out the act.

11 Sec. 5. (1) If the board determines that the retirement
12 system has previously received contributions or distributed
13 benefits which for any reason are not in accordance with the
14 statutory provisions of the County Law Enforcement Officer
15 Retirement Act, the board shall refund contributions, require
16 additional contributions, adjust benefits, credit dividend amounts,
17 or require repayment of benefits paid. In the event of an
18 overpayment of a benefit, the board may, in addition to other
19 remedies, offset future benefit payments by the amount of the prior
20 overpayment, together with regular interest or interest credits,
21 whichever is appropriate, thereon. In the event of an underpayment
22 of a benefit, the board shall immediately make payment equal to the
23 deficit amount plus regular interest or interest credits, whichever
24 is appropriate.

25 (2) The board shall adopt and promulgate rules and

1 regulations implementing this section, which shall include, but not
2 be limited to, the following: (a) The procedures for refunding
3 contributions, adjusting future contributions or benefit payments,
4 and requiring additional contributions or repayment of benefits;
5 (b) the process for a member, member's beneficiary, employee, or
6 employer to dispute an adjustment of contributions or benefits;
7 and (c) notice provided to all affected persons. All notices shall
8 be sent prior to an adjustment and shall describe the process for
9 disputing an adjustment of contributions or benefits.

10 Sec. 6. (1) The membership of the retirement system shall
11 be composed of all persons who are or were employed by member
12 counties and who maintain an account balance with the retirement
13 system.

14 (2) The following employees of member counties are
15 authorized to participate in the retirement system: (a) All
16 permanent full-time employees shall begin participation in the
17 retirement system upon employment and full-time elected officials
18 shall begin participation in the retirement system upon taking
19 office, (b) all permanent part-time employees who have attained
20 the age of twenty years may exercise the option to begin
21 participation in the retirement system, and (c) all part-time
22 elected officials may exercise the option to begin participation
23 in the retirement system. An employee who exercises the option to
24 begin participation in the retirement system shall remain in the
25 system until termination or retirement, regardless of any change of

1 status as a permanent or temporary employee.

2 (3) Within the first thirty days of employment, a
3 full-time employee may apply to the board for vesting credit
4 for years of participation in another Nebraska governmental plan,
5 as defined by section 414(d) of the Internal Revenue Code. During
6 the years of participation in the other Nebraska governmental plan,
7 the employee must have been a full-time employee, as defined in
8 the Nebraska governmental plan in which the credit was earned. The
9 board may adopt and promulgate rules and regulations governing the
10 assessment and granting of vesting credit.

11 (4) Any employee who qualifies for membership in the
12 retirement system pursuant to this section may not be disqualified
13 from membership in the retirement system solely because such
14 employee also maintains separate employment which qualifies the
15 employee for membership in another public retirement system,
16 nor may membership in this retirement system disqualify such an
17 employee from membership in another public retirement system solely
18 by reason of separate employment which qualifies such employee for
19 membership in this retirement system.

20 (5) A full-time or part-time employee of a city, village,
21 or township who becomes a county employee pursuant to a merger
22 of services shall receive vesting credit for his or her years
23 of participation in a Nebraska governmental plan, as defined by
24 section 414(d) of the Internal Revenue Code, of the city, village,
25 or township.

1 (6) A full-time or part-time employee of a city, village,
2 fire protection district, or township who becomes a municipal
3 county employee shall receive credit for his or her years of
4 employment with the city, village, fire protection district, or
5 township for purposes of the vesting provisions of this section.

6 (7) Counties shall ensure that employees authorized to
7 participate in the retirement system pursuant to this section shall
8 enroll and make required contributions to the retirement system
9 immediately upon becoming an employee. Information necessary to
10 determine membership in the retirement system shall be provided by
11 the employer.

12 Sec. 7. For one year after January 1, 2010, any full-time
13 employee employed on or before January 1, 2010, may apply to the
14 board for eligibility and vesting credit for years of participation
15 in another Nebraska governmental plan as defined by section 414(d)
16 of the Internal Revenue Code. During the years of participation in
17 the other Nebraska governmental plan, the employee must have been a
18 full-time employee.

19 Sec. 8. Under such rules and regulations as the
20 retirement board adopts and promulgates, a full-time or part-time
21 employee of a city, village, or township who becomes a county
22 employee pursuant to a merger of services may pay to the retirement
23 system an amount equal to the sum of all deductions which were made
24 from the employee's compensation, plus earnings, during such period
25 of employment with the city, village, or township. Payment shall be

1 made within five years after the merger or prior to retirement,
2 whichever comes first, and may be made through direct payment,
3 installment payments, or an irrevocable payroll authorization.

4 Sec. 9. Under such rules and regulations as the
5 retirement board adopts and promulgates, a full-time or part-time
6 employee of a city, village, fire protection district, or township
7 who becomes a municipal county employee shall transfer all of
8 his or her funds in the retirement system of the city, village,
9 fire protection district, or township by paying to the County
10 Law Enforcement Officer Retirement System from funds held by the
11 retirement system of the city, village, fire protection district,
12 or township an amount equal to one of the following: (1) If the
13 retirement system of the city, village, fire protection district,
14 or township maintains a defined benefit plan, an amount not to
15 exceed the initial benefit transfer value as provided in section
16 13-2401, leaving no funds attributable to the transferred employee
17 within the retirement system of the city, village, fire protection
18 district, or township; or (2) if the retirement system of the
19 city, village, fire protection district, or township maintains a
20 defined contribution plan, an amount not to exceed the employee and
21 employer accounts of the transferring employee plus earnings during
22 the period of employment with the city, village, fire protection
23 district, or township. The employee shall receive vesting credit
24 for his or her years of service in a governmental plan, as defined
25 in section 414(d) of the Internal Revenue Code, maintained by

1 the city, village, fire protection district, or township. Payment
2 shall be made within five years after employment begins with the
3 receiving entity or prior to retirement, whichever comes first, and
4 may be made through direct payment, installment payments, or an
5 irrevocable payroll deduction authorization.

6 Sec. 10. Each employee who is a member of the retirement
7 system shall pay to the county or have picked up by the county
8 a sum equal to XXX percent of his or her compensation for each
9 pay period. The county shall pick up the employee contributions
10 required by this section for all compensation paid on or after
11 January 1, 2010, and the contributions so picked up shall
12 be treated as employer contributions in determining federal tax
13 treatment under the Internal Revenue Code as defined in section
14 49-801.01, except that the county shall continue to withhold
15 federal income taxes based upon these contributions until the
16 Internal Revenue Service or the federal courts rule that, pursuant
17 to section 414(h) of the code, these contributions shall not be
18 included as gross income of the employee until such time as they
19 are distributed or made available. The county shall pay these
20 employee contributions from the same source of funds which is
21 used in paying earnings to the employee. The county shall pick up
22 these contributions by a compensation deduction through a reduction
23 in the cash compensation of the employee. Employee contributions
24 picked up shall be treated for all purposes of the County Law
25 Enforcement Officer Retirement Act in the same manner and to the

1 extent as employee contributions made prior to the date picked up.

2 Sec. 11. The county clerk shall pay to the board or
3 an entity designated by the board an amount equal to XXX percent
4 of the amounts deducted from the compensation of employees in
5 accordance with the provisions of section 10 of this act, which
6 XXX percent equals the employees' contributions plus the county's
7 contributions of XXX percent of the employees' contributions.

8 The board may charge the county an administrative
9 processing fee of twenty-five dollars if the reports of necessary
10 information or payments made pursuant to this section are received
11 later than the date on which the board requires that such
12 information or money should be received. In addition, the board may
13 charge the county a late fee of thirty-eight thousandths of one
14 percent of the amount required to be submitted pursuant to this
15 section for each day such amount has not been received or in an
16 amount equal to the amount of any costs incurred by the member due
17 to the late receipt of contributions, whichever is greater. The
18 late fee may be used to make a member's account whole for any costs
19 that may have been incurred by the member due to the late receipt
20 of contributions.

21 Sec. 12. A member's share of the fund arising from the
22 compensation deductions made in accordance with section 10 of this
23 act shall be known as his or her employee account. The employee
24 account shall be equal to the sum of the employee's stable return
25 account, equities account, and any assets of additional accounts

1 created pursuant to section 13 of this act.

2 Sec. 13. (1) Each member shall be allowed to allocate all
3 contributions to his or her employee account to various investment
4 options. The investment options shall include, but not be limited
5 to, the following:

6 (a) An investor select account which shall be invested
7 under the direction of the state investment officer with an asset
8 allocation and investment strategy substantially similar to the
9 investment allocations made by the state investment officer for
10 the defined benefit plans under the retirement systems described
11 in subdivision (1)(a) of section 84-1503. Investments shall most
12 likely include domestic and international equities, fixed income
13 investments, and real estate, as well as potentially additional
14 asset classes;

15 (b) A stable return account which shall be invested by or
16 under the direction of the state investment officer in one or more
17 guaranteed investment contracts;

18 (c) An equities account which shall be invested by or
19 under the direction of the state investment officer in equities;

20 (d) A balanced account which shall be invested by or
21 under the direction of the state investment officer in equities and
22 fixed income instruments;

23 (e) An index fund account which shall be invested by or
24 under the direction of the state investment officer in a portfolio
25 of common stocks designed to closely duplicate the total return of

1 the Standard and Poor's 500 Index;

2 (f) A fixed income account which shall be invested by or
3 under the direction of the state investment officer in fixed income
4 instruments;

5 (g) A money market account which shall be invested by or
6 under the direction of the state investment officer in short-term
7 fixed income securities; and

8 (h) An age-based account which shall be invested under
9 the direction of the state investment officer with an asset
10 allocation and investment strategy that changes based upon the age
11 of the member. The board shall develop an account mechanism that
12 changes the investments as the employee nears retirement age. The
13 asset allocation and asset classes utilized in the investments
14 shall move from aggressive, to moderate, and then to conservative
15 as retirement age approaches.

16 If a member fails to select an option or combination of
17 options, all of his or her funds shall be placed in the option
18 described in subdivision (b) of this subsection. Each member shall
19 be given a detailed current description of each investment option
20 prior to making or revising his or her allocation.

21 (2) Members of the retirement system may allocate their
22 contributions to the investment options in percentage increments
23 as set by the board in any proportion, including full allocation
24 to any one option. A member under subdivision (1) of section 30
25 of this act or his or her beneficiary may transfer any portion

1 of his or her funds among the options, except for restrictions
2 on transfers to or from the stable return account pursuant to
3 rule or regulation. The board shall adopt and promulgate rules and
4 regulations for changes of a member's allocation of contributions
5 to his or her accounts after his or her most recent allocation and
6 for transfers from one investment account to another.

7 (3) The board shall develop a schedule for the allocation
8 of administrative costs of maintaining the various investment
9 options and shall assess the costs so that each member pays a
10 reasonable fee as determined by the board. The money forfeited
11 pursuant to section 27 of this act shall not be used to pay the
12 administrative costs incurred pursuant to this section.

13 (4) In order to carry out this section, the board
14 may enter into administrative services agreements for accounting
15 or record-keeping services. No agreement shall be entered into
16 unless the board determines that it will result in administrative
17 economy and will be in the best interests of the county and its
18 participating employees.

19 (5) The state, the board, the state investment officer,
20 the members of the Nebraska Investment Council, or the county
21 shall not be liable for any investment results resulting from
22 the member's exercise of control over the assets in the employee
23 account.

24 Sec. 14. (1) A member's share of the fund arising from
25 the county contributions shall be known as his or her employer

1 account. The employer account shall be equal to the sum of the
2 assets of the accounts created by the board pursuant to section 17
3 of this act.

4 (2) The employer account shall be invested pursuant to
5 section 17 of this act. The state investment officer shall invest
6 or reinvest the funds in securities and investments the nature of
7 which individuals of prudence, discretion, and intelligence acquire
8 or retain in dealing with the property of another, and if the state
9 investment officer has special skills or is appointed on the basis
10 of representations of special skills or expertise, he or she is
11 under a duty to use such skills.

12 Sec. 15. The State Treasurer shall be the custodian of
13 the funds and securities of the retirement system and may deposit
14 the funds and securities in any financial institution approved by
15 the Nebraska Investment Council. All disbursements therefrom shall
16 be paid by him or her only upon vouchers signed by a person
17 authorized by the retirement board. The State Treasurer shall
18 transmit monthly to the board a detailed statement showing all
19 credits to and disbursements from the funds in his or her custody
20 belonging to the retirement system.

21 Sec. 16. The County Law Enforcement Officer Defined
22 Contribution Retirement Expense Fund is created. The fund shall
23 be credited with money forfeited pursuant to section 27 of this
24 act and with money from the retirement system assets and income
25 sufficient to pay the pro rata share of administrative expenses

1 incurred as directed by the board for the proper administration of
2 the County Law Enforcement Officer Retirement Act and necessary in
3 connection with the administration and operation of the retirement
4 system, except as provided in sections 13, 14, and 17 of this act.
5 Any money in the fund available for investment shall be invested
6 by the state investment officer pursuant to the Nebraska Capital
7 Expansion Act and the Nebraska State Funds Investment Act.

8 Sec. 17. (1) Each member shall be allowed to allocate
9 all contributions to his or her employer account to various
10 investment options. Such investment options shall be the same as
11 the investment options of the employee account as provided in
12 subsection (1) of section 13 of this act. If a member fails to
13 select an option or combination of options, all of his or her
14 funds in the employer account shall be placed in the balanced
15 account option described in subdivision (1)(d) of section 13 of
16 this act. Each member shall be given a detailed current description
17 of each investment option prior to making or revising his or her
18 allocation.

19 (2) Each member of the retirement system may allocate
20 contributions to his or her employer account to the investment
21 options in percentage increments as set by the board in any
22 proportion, including full allocation to any one option. A member
23 under subdivision (1) of section 30 of this act or his or her
24 beneficiary may transfer any portion of his or her funds among the
25 options. The board shall adopt and promulgate rules and regulations

1 for changes of a member's allocation of contributions to his or her
2 accounts after his or her most recent allocation and for transfers
3 from one investment account to another.

4 (3) The board shall develop a schedule for the allocation
5 of administrative costs of maintaining the various investment
6 options and shall assess the costs so that each member pays a
7 reasonable fee as determined by the board. The money forfeited
8 pursuant to section 27 of this act shall not be used to pay the
9 administrative costs incurred pursuant to this section.

10 (4) In order to carry out the provisions of this section,
11 the board may enter into administrative services agreements for
12 accounting or record-keeping services. No agreement shall be
13 entered into unless the board determines that it will result
14 in administrative economy and will be in the best interests of the
15 state and participating employees.

16 (5) The state, the board, the state investment officer,
17 the members of the Nebraska Investment Council, or the county
18 shall not be liable for any investment results resulting from
19 the member's exercise of control over the assets in the employer
20 account.

21 Sec. 18. (1) The director of the Nebraska Public
22 Employees Retirement Systems shall keep a complete record of
23 all members with respect to names, current addresses, ages,
24 contributions, and any other facts as may be necessary in the
25 administration of the County Law Enforcement Officer Retirement

1 Act. The information in the records shall be provided by the
2 employer in an accurate and verifiable form, as specified by the
3 director. The director shall, from time to time, carry out testing
4 procedures pursuant to section 84-1512 to verify the accuracy of
5 such information. For the purpose of obtaining such facts and
6 information, the director shall have access to the records of the
7 various counties and state departments and agencies and the holder
8 of the records shall comply with a request by the director for
9 access by providing such facts and information to the director in a
10 timely manner. A certified copy of a birth certificate or delayed
11 birth certificate shall be prima facie evidence of the age of the
12 person named in the certificate.

13 (2) The director shall develop and implement an employer
14 education program using principles generally accepted by public
15 employee retirement systems so that all employers have the
16 knowledge and information necessary to prepare and file reports
17 as the board requires.

18 Sec. 19. It shall be the duty of the Auditor of Public
19 Accounts to make an annual audit of the retirement system and an
20 annual report to the retirement board and to the Clerk of the
21 Legislature of the condition of the retirement system. Each member
22 of the Legislature shall receive a copy of the report required by
23 this section by making a request for such report to either the
24 Auditor of Public Accounts or the retirement board.

25 Sec. 20. The retirement system may sue or be sued in the

1 name of the system, and in all actions brought by or against it,
2 the system shall be represented by the Attorney General.

3 Sec. 21. (1) Upon filing an application for benefits
4 with the board, an employee may elect to retire at any time after
5 attaining the age of fifty-five or an employee may retire as a
6 result of disability at any age.

7 (2) The member shall specify in the application for
8 benefits the manner in which he or she wishes to receive the
9 retirement benefit under the options provided by the County Law
10 Enforcement Officer Retirement Act. Payment under the application
11 for benefits shall be made (a) for annuities, no sooner than the
12 annuity start date, and (b) for other distributions, no sooner than
13 the date of final account value.

14 (3) Payment of any benefit provided under the retirement
15 system may not be deferred later than April 1 of the year following
16 the year in which the employee has both attained at least age
17 seventy and one-half years and terminated his or her employment
18 with the county.

19 (4) The board shall make reasonable efforts to locate
20 the member or the member's beneficiary and distribute benefits by
21 the required beginning date as specified by section 401(a)(9) of
22 the Internal Revenue Code and the regulations issued thereunder. If
23 the board is unable to make such a distribution, the benefit shall
24 be distributed pursuant to the Uniform Disposition of Unclaimed
25 Property Act and no amounts may be applied to increase the benefits

1 any member would otherwise receive under the County Law Enforcement
2 Officer Retirement Act.

3 Sec. 22. (1) Any member, disregarding the length of
4 service, may be retired as a result of disability either upon
5 his or her own application or upon the application of his or her
6 employer or any person acting in his or her behalf. Before any
7 member may be so retired, a medical examination shall be made
8 at the expense of the retirement system, which examination shall
9 be conducted by a disinterested physician legally authorized to
10 practice medicine under the laws of the state in which he or she
11 practices, such physician to be selected by the retirement board,
12 and the physician shall certify to the board that the member should
13 be retired because he or she is unable to perform the duties of a
14 law enforcement officer. The application for disability retirement
15 shall be made within one year of termination of employment.

16 (2) The retirement board may require any disability
17 beneficiary who has not attained the age of sixty-five to undergo
18 a medical examination at the expense of the board once each
19 year. Should any disability beneficiary refuse to undergo such
20 an examination, his or her disability retirement benefit may be
21 discontinued by the board.

22 Sec. 23. The retirement value for any employee who
23 retires under the provisions of section 21 of this act shall be the
24 sum of the employee's employee account and employer account as of
25 the date of final account value.

1 Sec. 24. (1) The future service retirement benefit shall
2 be an annuity, payable monthly with the first payment made no
3 earlier than the annuity start date, which shall be the actuarial
4 equivalent of the retirement value as specified in section 23 of
5 this act based on factors determined by the board, except that
6 gender shall not be a factor when determining the amount of such
7 payments pursuant to subsection (2) of this section.

8 Except as provided in section 42-1107, at any time before
9 the annuity start date, the retiring employee may choose to receive
10 his or her annuity either in the form of an annuity as provided
11 under subsection (4) of this section or any optional form that is
12 determined by the board.

13 Except as provided in section 42-1107, in lieu of the
14 future service retirement annuity, a retiring employee may receive
15 a benefit not to exceed the amount in his or her employer and
16 employee accounts as of the date of final account value payable
17 in a lump sum and, if the employee chooses not to receive the
18 entire amount in such accounts, an annuity equal to the actuarial
19 equivalent of the remainder of the retirement value, and the
20 employee may choose any form of such annuity as provided for by the
21 board.

22 In any case, the amount of the monthly payment shall be
23 such that the annuity chosen shall be the actuarial equivalent of
24 the retirement value as specified in section 23 of this act except
25 as provided in this section.

1 The board shall provide to any employee who is eligible
2 for retirement, prior to his or her selecting any of the retirement
3 options provided by this section, information on the federal and
4 state income tax consequences of the various annuity or retirement
5 benefit options.

6 (2) Except as provided in subsection (4) of this section,
7 the monthly income payable to a member shall be as follows:

8 He or she shall receive at retirement the amount which
9 may be purchased by the accumulated contributions based on annuity
10 rates in effect on the annuity start date which do not utilize
11 gender as a factor, except that such amounts shall not be less
12 than the retirement income which can be provided by the accumulated
13 contributions made based on the annuity purchase rates in effect on
14 the date of purchase which do not use gender as a factor.

15 (3) Any amount, in excess of contributions, which may be
16 required in order to purchase the retirement income specified in
17 subsection (2) of this section shall be withdrawn from the County
18 Law Enforcement Officer Equal Retirement Benefit Fund.

19 (4) (a) The normal form of payment shall be a single life
20 annuity with five-year certain, which is an annuity payable monthly
21 during the remainder of the member's life with the provision that,
22 in the event of his or her death before sixty monthly payments
23 have been made, the monthly payments will be continued to his or
24 her estate or to the beneficiary he or she has designated until
25 sixty monthly payments have been made in total. Such annuity shall

1 be equal to the sum of the employee and employer accounts as of
2 the date of final account value. As a part of the annuity, the
3 normal form of payment may include a two and one-half percent
4 cost-of-living adjustment purchased by the member, if the member
5 elects such a payment option.

6 For an employee who, at the time of retirement, chooses
7 the annuity option rather than the lump-sum option, his or
8 her employee and employer accounts as of the date of final
9 account value shall be converted to an annuity using an interest
10 rate that is equal to the lesser of (i) the Pension Benefits
11 Guarantee Corporation initial interest rate for valuing annuities
12 for terminating plans as of the beginning of the year during
13 which payment begins plus three-fourths of one percent or (ii) the
14 interest rate used in the actuarial valuation as recommended by the
15 actuary and approved by the board.

16 (b) For the calendar year beginning January 1, 2010, and
17 each calendar year thereafter, the actuary for the board shall
18 perform an actuarial valuation of the system using the entry
19 age actuarial cost method. Under this method, the actuarially
20 required funding rate is equal to the normal cost rate plus the
21 contribution rate necessary to amortize the unfunded actuarial
22 accrued liability on a level-payment basis. The normal cost under
23 this method shall be determined for each individual member on
24 a level percentage of salary basis. The normal cost amount is
25 then summed for all members. The initial unfunded actual accrued

1 liability as of January 1, 2010, if any, shall be amortized
2 over a twenty-five-year period. During each subsequent actuarial
3 valuation, changes in the unfunded actuarial accrued liability
4 due to changes in benefits, actuarial assumptions, the asset
5 valuation method, or actuarial gains or losses shall be measured
6 and amortized over a twenty-five-year period beginning on the
7 valuation date of such change. If the unfunded actuarial accrued
8 liability under the entry age actuarial cost method is zero or less
9 than zero on an actuarial valuation date, then all prior unfunded
10 actuarial accrued liabilities shall be considered fully funded and
11 the unfunded actuarial accrued liability shall be reinitialized
12 and amortized over a twenty-five-year period as of the actuarial
13 valuation date. If the actuarially required contribution rate
14 exceeds the rate of all contributions required pursuant to the
15 County Law Enforcement Officer Retirement Act, there shall be a
16 supplemental appropriation sufficient to pay for the difference
17 between the actuarially required contribution rate and the rate of
18 all contributions required pursuant to the act.

19 (5) At the option of the retiring member, any lump sum or
20 annuity provided under this section or section 46 of this act may
21 be deferred to commence at any time, except that no benefit shall
22 be deferred later than April 1 of the year following the year in
23 which the employee has both attained at least seventy and one-half
24 years of age and has terminated his or her employment with the
25 county. Such election by the retiring member may be made at any

1 time prior to the commencement of the lump-sum or annuity payments.

2 Sec. 25. There is hereby created the County Law
3 Enforcement Officer Equal Retirement Benefit Fund to be
4 administered by the board. Each county shall make a contribution at
5 least once a year to the fund, in addition to any other retirement
6 contributions. Such contribution shall be in an amount determined
7 by the board to provide all similarly situated male and female
8 members of the retirement system with equal benefits pursuant to
9 subsection (2) of section 24 of this act and to provide for direct
10 expenses incurred in administering the fund. The board shall keep a
11 record of the contributions made by each county.

12 Sec. 26. (1) Except as provided in section 42-1107, upon
13 termination of employment, except for retirement or disability, and
14 after filing an application with the board, a member may receive:

15 (a) If not vested, a termination benefit equal to the
16 amount of his or her employee account as of the date of final
17 account value payable in a lump sum or an annuity with the lump-sum
18 or first annuity payment made at any time after termination but no
19 later than April 1 of the year following the year in which the
20 member attains the age of seventy and one-half years; or

21 (b) If vested, a termination benefit equal to (i) the
22 amount of his or her employee account as of the date of final
23 account value payable in a lump sum or an annuity with the lump-sum
24 or first annuity payment made at any time after termination but
25 no later than April 1 of the year following the year in which

1 the member attains the age of seventy and one-half years plus (ii)
2 the amount of his or her employer account as of the date of final
3 account value payable in a lump sum or an annuity with the lump-sum
4 or first annuity payment made at any time after termination but no
5 later than April 1 of the year following the year in which the
6 member attains the age of seventy and one-half years.

7 The employer and employee accounts of a terminating
8 member shall be retained by the board, and the termination benefit
9 shall be deferred until a valid application for benefits has been
10 received.

11 (2) At the option of the terminating member, any lump
12 sum of the employer account or any annuity payment provided under
13 subsection (1) of this section shall commence as of the first of
14 the month at any time after such member has terminated his or her
15 employment with the county and no later than April 1 of the year
16 following the year in which the member attains the age of seventy
17 and one-half years. Such election by the terminating member shall
18 be made at any time prior to the commencement of the lump-sum or
19 annuity payments.

20 (3) Members of the retirement system shall be vested
21 after a total of five years of participation in the system as a
22 member pursuant to section 6 of this act, including vesting credit.
23 If an employee retires pursuant to section 21 of this act, such
24 employee shall be fully vested in the retirement system.

25 Sec. 27. (1) For a member who has terminated employment

1 and is not vested, the balance of the member's employer account
2 shall be forfeited. The forfeited account shall be credited to
3 the County Law Enforcement Officer Retirement Fund and shall first
4 be used to meet the expense charges incurred by the retirement
5 board in connection with administering the retirement system,
6 which charges shall be credited to the County Law Enforcement
7 Officer Defined Contribution Retirement Expense Fund and the
8 remainder, if any, shall then be used to reduce the county
9 contribution which would otherwise be required to fund future
10 service retirement benefits or to restore employer accounts. No
11 forfeited amounts shall be applied to increase the benefits any
12 member would otherwise receive under the County Law Enforcement
13 Officer Retirement Act.

14 (2) If a member ceases to be an employee due to the
15 termination of his or her employment by the county and a grievance
16 or other appeal of the termination is filed, transactions involving
17 forfeiture of his or her employer account shall be suspended
18 pending the final outcome of the grievance or other appeal.

19 (3) The County Law Enforcement Officer Employer
20 Retirement Expense Fund is created. The fund shall be administered
21 by the Public Employees Retirement Board. The fund shall consist
22 of any reduction in a county contribution which would otherwise be
23 required to fund future service retirement benefits or to restore
24 employer accounts referred to in subsection (1) of this section.
25 The fund shall be established and maintained separate from any

1 funds held in trust for the benefit of members under the county
2 employees retirement system. Expenses incurred as a result of a
3 county depositing amounts into the fund shall be deducted prior to
4 any additional expenses being allocated. Any remaining amount shall
5 be allocated in accordance with section 28 of this act. Any money
6 in the fund available for investment shall be invested by the state
7 investment officer pursuant to the Nebraska Capital Expansion Act
8 and the Nebraska State Funds Investment Act.

9 Sec. 28. The County Law Enforcement Officer Employer
10 Retirement Expense Fund shall be used to meet expenses of
11 the county law enforcement officer retirement system when the
12 funds available in the County Law Enforcement Officer Defined
13 Contribution Retirement Expense Fund make such use reasonably
14 necessary.

15 Sec. 29. (1) Except as otherwise provided in this
16 section, a member of the retirement system who has a five-year
17 break in service shall upon reemployment be considered a new
18 employee with respect to the County Law Enforcement Officer
19 Retirement Act and shall not receive credit for service prior
20 to his or her reemployment date.

21 (2)(a) A member who ceases to be an employee before
22 becoming eligible for retirement under section 21 of this act
23 and again becomes a permanent full-time or permanent part-time
24 county employee prior to having a five-year break in service
25 shall immediately be reenrolled in the retirement system and

1 resume making contributions. For purposes of vesting employer
2 contributions made prior to and after the reentry into the
3 retirement system under subsection (3) of section 26 of this
4 act, years of participation include years of participation prior
5 to such employee's original termination. For a member who is not
6 vested and has received a termination benefit pursuant to section
7 26 of this act, the years of participation prior to such employee's
8 original termination shall be limited in a ratio equal to the
9 amount that the member repays divided by the termination benefit
10 withdrawn pursuant to section 26 of this act.

11 (b) The reemployed member may repay the value of, or a
12 portion of the value of, the termination benefit withdrawn pursuant
13 to section 26 of this act. A reemployed member who elects to
14 repay all or a portion of the value of the termination benefit
15 withdrawn pursuant to section 26 of this act shall repay the actual
16 earnings on such value. Repayment of the termination benefit shall
17 commence within three years of reemployment and shall be completed
18 within five years of reemployment or prior to termination of
19 employment, whichever occurs first, through (i) direct payments to
20 the retirement system, (ii) installment payments made pursuant to
21 a binding irrevocable payroll deduction authorization made by the
22 member, (iii) an eligible rollover distribution as provided under
23 the Internal Revenue Code, or (iv) a direct rollover distribution
24 made in accordance with section 401(a)(31) of the Internal Revenue
25 Code.

1 (c) The value of the member's forfeited employer account,
2 as of the date of forfeiture, shall be restored in a ratio equal
3 to the amount of the benefit that the member has repaid divided
4 by the termination benefit received. The employer account shall be
5 restored first out of the current forfeiture amounts and then by
6 additional employer contributions.

7 (3) For a member who retired pursuant to section 21 of
8 this act and becomes a permanent full-time employee or permanent
9 part-time employee with a county under the County Law Enforcement
10 Officer Retirement Act more than one hundred twenty days after
11 his or her retirement date, the member shall continue receiving
12 retirement benefits. Such a retired member or a retired member who
13 received a lump-sum distribution of his or her benefit shall be
14 considered a new employee as of the date of reemployment and shall
15 not receive credit for any service prior to the member's retirement
16 for purposes of the act.

17 (4) A member who is reinstated as an employee pursuant to
18 a grievance or appeal of his or her termination by the county shall
19 be a member upon reemployment and shall not be considered to have
20 a break in service for such period of time that the grievance or
21 appeal was pending.

22 Sec. 30. In the event of the death before his or her
23 retirement date of any employee who is a member of the system,
24 the death benefit shall be equal to the total of the employee
25 account and the employer account. The death benefit shall be paid

1 to the member's beneficiary, to an alternate payee pursuant to a
2 qualified domestic relations order as provided in section 42-1107,
3 or to the member's estate if there are no designated beneficiaries.
4 If the beneficiary is not the member's surviving spouse, the
5 death benefit shall be paid as a lump-sum payment or payments,
6 except that the entire account must be distributed by the fifth
7 anniversary of the member's death. If the sole primary beneficiary
8 is the member's surviving spouse, the surviving spouse may elect to
9 receive an annuity calculated as if the member retired and selected
10 a one-hundred-percent joint and survivor annuity effective on the
11 annuity purchase date. If the surviving spouse does not elect the
12 annuity option within one hundred twenty days after the death of
13 the member, the surviving spouse shall receive a lump-sum payment
14 or payments, except that the entire account must be distributed by
15 the fifth anniversary of the member's death.

16 Sec. 31. All annuities or benefits which any person shall
17 be entitled to receive under the County Law Enforcement Officer
18 Retirement Act shall not be subject to garnishment, attachment,
19 levy, the operation of bankruptcy or insolvency laws, or any other
20 process of law whatsoever and shall not be assignable except to the
21 extent that such annuities or benefits are subject to a qualified
22 domestic relations order under the Spousal Pension Rights Act.

23 Sec. 32. (1) Any employee who, while an employee, entered
24 into and served in the armed forces of the United States and
25 who within ninety days after honorable discharge or honorable

1 separation from active duty again became an employee shall be
2 credited, for the purposes of section 21 of this act, with all the
3 time actually served in the armed forces as if such person had been
4 an employee throughout such service in the armed forces pursuant to
5 the terms and conditions of subsection (2) of this section.

6 (2) Under such rules and regulations as the retirement
7 board adopts and promulgates, an employee who is reemployed
8 pursuant to 38 U.S.C. 4301 et seq. may pay to the retirement
9 system an amount equal to the sum of all deductions which would
10 have been made from the employee's compensation during such period
11 of military service. Payment shall be made within the period
12 required by law, not to exceed five years. To the extent that
13 payment is made, (a) the employee shall be treated as not having
14 incurred a break in service by reason of his or her period of
15 military service, (b) the period of military service shall be
16 credited for the purposes of determining the nonforfeitability of
17 the member's accrued benefits and the accrual of benefits under the
18 plan, and (c) the employer shall allocate the amount of employer
19 contributions to the member's employer account in the same manner
20 and to the same extent the allocation occurs for other employees
21 during the period of service. For purposes of member and employer
22 contributions under this section, the member's compensation during
23 the period of military service shall be the rate the member would
24 have received but for the military service or, if not reasonably
25 determinable, the average rate the member received during the

1 twelve-month period immediately preceding military service.

2 (3) The employer shall pick up the member contributions
3 made through irrevocable payroll deduction authorizations pursuant
4 to this section, and the contributions so picked up shall
5 be treated as employer contributions in the same manner as
6 contributions picked up under section 10 of this act.

7 Sec. 33. (1) For purposes of this section and section 34
8 of this act:

9 (a) Distributee means the member, the member's surviving
10 spouse, or the member's former spouse who is an alternate payee
11 under a qualified domestic relations order as defined in section
12 414(p) of the Internal Revenue Code;

13 (b) Direct rollover means a payment by the retirement
14 system to the eligible retirement plan or plans specified by the
15 distributee;

16 (c) Eligible retirement plan means (i) an individual
17 retirement account described in section 408(a) of the Internal
18 Revenue Code, (ii) an individual retirement annuity described in
19 section 408(b) of the code, except for an endowment contract, (iii)
20 a qualified plan described in section 401(a) of the code, (iv) an
21 annuity plan described in section 403(a) or 403(b) of the code, and
22 (v) a plan described in section 457(b) of the code and maintained
23 by a governmental employer. For eligible rollover distributions to
24 a surviving spouse, an eligible retirement plan means subdivisions
25 (1)(c)(i) through (iv) of this section; and

1 (d) Eligible rollover distribution means any distribution
2 to a distributee of all or any portion of the balance to the credit
3 of the distributee in the plan, except such term shall not include
4 any distribution which is one of a series of substantially equal
5 periodic payments, not less frequently than annually, made for the
6 life of the distributee or joint lives of the distributee and the
7 distributee's beneficiary or for the specified period of ten years
8 or more and shall not include any distribution to the extent such
9 distribution is required under section 401(a)(9) of the Internal
10 Revenue Code.

11 (2) A distributee may elect to have any portion of
12 an eligible rollover distribution paid directly to an eligible
13 retirement plan specified by the distributee.

14 (3) The board shall adopt and promulgate rules and
15 regulations for direct rollover procedures which are consistent
16 with section 401(a)(31) of the Internal Revenue Code and which
17 include, but are not limited to, the form and time of direct
18 rollover distributions.

19 Sec. 34. (1) The retirement system may accept cash
20 rollover contributions from a member who is making payment pursuant
21 to section 8, 9, 29, or 32 of this act, if the contributions do
22 not exceed the amount authorized to be paid by the member pursuant
23 to section 8, 9, 29, or 32 of this act, and the contributions
24 represent (a) all or any portion of the balance of the member's
25 interest in a qualified plan under section 401(a) of the Internal

1 Revenue Code or (b) the interest of the member from an individual
2 retirement account or an individual retirement annuity, the entire
3 amount of which is attributable to a qualified total distribution,
4 as defined in the Internal Revenue Code, from a qualified plan
5 under section 401(a) of the code and qualified as a tax-free
6 rollover amount. The member's interest under subdivision (a) or
7 (b) of this subsection must be transferred to the retirement
8 system within sixty days from the date of the distribution from
9 the qualified plan, individual retirement account, or individual
10 retirement annuity.

11 (2) Cash transferred to the retirement system as a
12 rollover contribution shall be deposited as other payments made
13 under section 8, 9, 29, or 32 of this act.

14 (3) Under the same conditions as provided in subsection
15 (1) of this section, the retirement system may accept eligible
16 rollover distributions from (a) an annuity contract described in
17 section 403(b) of the Internal Revenue Code, (b) a plan described
18 in section 457(b) of the code which is maintained by a state, a
19 political subdivision of a state, or any agency or instrumentality
20 of a state or political subdivision of a state, or (c) the
21 portion of a distribution from an individual retirement account or
22 annuity described in section 408(a) or 408(b) of the code that is
23 eligible to be rolled over and would otherwise be includible in
24 gross income. Amounts accepted pursuant to this subsection shall be
25 deposited as all other payments under this section.

1 (4) The retirement system may accept direct rollover
2 distributions made from a qualified plan pursuant to section
3 401(a)(31) of the Internal Revenue Code. The direct rollover
4 distribution shall be deposited as all other payments under this
5 section.

6 (5) The board shall adopt and promulgate rules and
7 regulations defining procedures for acceptance of rollovers which
8 are consistent with sections 401(a)(31) and 402 of the Internal
9 Revenue Code.

10 Sec. 35. The retirement system may accept as payment
11 for withdrawn amounts made pursuant to the County Law Enforcement
12 Officer Retirement Act a direct trustee-to-trustee transfer from
13 (1) an eligible tax-sheltered annuity plan as described in section
14 403(b) of the Internal Revenue Code or (2) an eligible deferred
15 compensation plan as described in section 457(b) of the code
16 on behalf of a member who is making payments for such amounts.
17 The amount transferred shall not exceed the amount withdrawn and
18 such transferred amount shall qualify as a purchase of permissive
19 service credit by the member as defined in section 415 of the code.

20 Sec. 36. Persons who have become members of the
21 retirement system shall not thereafter lose their status as members
22 while they remain employees.

23 Sec. 37. Any person who, knowing it to be false
24 or fraudulent, presents or causes to be presented a false or
25 fraudulent claim or benefit application, any false or fraudulent

1 proof in support of such a claim or benefit, or false or
2 fraudulent information which would affect a future claim or
3 benefit application to be paid under the retirement system for
4 the purpose of defrauding or attempting to defraud the retirement
5 system shall be guilty of a Class II misdemeanor. The retirement
6 board shall deny any benefits that it determines are based on false
7 or fraudulent information and shall have a cause of action against
8 the member to recover any benefits already paid on the basis of
9 such information.

10 Sec. 38. The retirement allowances and benefits provided
11 for by the County Law Enforcement Officer Retirement Act shall be
12 in addition to benefits and allowances payable under the provisions
13 of the federal Social Security Act.

14 Sec. 39. The provisions of the County Law Enforcement
15 Officer Retirement Act pertaining to elected officials or other
16 employees having a regular term of office shall be so interpreted
17 as to effectuate its general purpose and to take effect as soon as
18 the same may become operative under the Constitution of the State
19 of Nebraska.

20 Sec. 40. On or before the operative date of this act, the
21 county clerk shall submit to the board a list of all employees then
22 eligible for participation in the plan, which list shall state the
23 name and address of the employee and his or her gross monthly wage.

24 Sec. 41. Every claim and demand under the County Law
25 Enforcement Officer Retirement Act and against the retirement

1 system or the retirement board shall be forever barred unless the
2 action is brought within two years of the time at which the claim
3 accrued.

4 Sec. 42. All contributions to the retirement system,
5 all property and rights purchased with the contributions, and all
6 investment income attributable to the contributions, property, or
7 rights shall be held in trust by the State of Nebraska for the
8 exclusive benefit of members and their beneficiaries and shall only
9 be used to pay benefits to such persons and to pay administrative
10 expenses according to the provisions of the County Law Enforcement
11 Officer Retirement Act.

12 Sec. 43. Upon termination or partial termination of the
13 retirement system or upon complete discontinuance of contributions
14 under the retirement system, the rights of all affected members
15 to the amounts credited to the members' accounts shall be
16 nonforfeitable.

17 Sec. 44. The municipal county shall be responsible for
18 making contributions and performing other duties and shall exercise
19 the powers of a county under the County Law Enforcement Officer
20 Retirement Act with respect to the employees of the municipal
21 county.

22 Sec. 45. In order to provide the necessary amounts to pay
23 for or fund the retirement plan established pursuant to the County
24 Law Enforcement Officer Retirement Act, the county may make a levy
25 which is not subject to the levy restrictions of section 77-3442.

1 Sec. 46. (1) A prior service annuity shall be computed
2 for all employees who have been employees continuously for one year
3 prior to the date of the adoption of the retirement system and who
4 are at least twenty-five years of age. Such prior service annuity
5 shall be equal to the number of years of creditable prior service
6 multiplied by the prior service annuity factor.

7 (2) The number of years of creditable prior service shall
8 be the number of completed years of prior service less all years
9 during which the employee was participating in or for which he or
10 she received a benefit from a public retirement plan, but not more
11 than twenty-five.

12 (3) The prior service annuity factor shall be the smaller
13 of (1) one dollar or (2) the employee's compensation for the last
14 completed twelve months of prior service divided by two thousand
15 four hundred.

16 (4) The prior service retirement benefit shall be a
17 straight life annuity, payable monthly with the first payment
18 made as of the annuity start date, in an amount determined in
19 accordance with this section, except that if the monthly payment
20 would be less than ten dollars, payments shall be made annually
21 in advance with each annual payment equal to 11.54 multiplied by
22 the monthly payment that would have been made in the absence of
23 this restriction on small monthly payments, and no prior service
24 retirement benefit shall be paid to any person who terminates
25 his or her employment unless such person has been continuously

1 employed by the county for ten or more years immediately prior
2 to termination. An employee meeting such requirement and who
3 terminates his or her employment shall not receive a prior
4 service benefit determined in accordance with this section prior to
5 attaining age sixty-five.

6 (5) Prior service retirement benefits shall be paid
7 directly by the county to the retired employee.

8 Sec. 47. Section 23-2301, Reissue Revised Statutes of
9 Nebraska, is amended to read:

10 23-2301 For purposes of the County Employees Retirement
11 Act, unless the context otherwise requires:

12 (1) Actuarial equivalent means the equality in value of
13 the aggregate amounts expected to be received under different forms
14 of an annuity payment. The mortality assumption used for purposes
15 of converting the member cash balance account shall be the 1994
16 Group Annuity Mortality Table using a unisex rate that is fifty
17 percent male and fifty percent female. For purposes of converting
18 the member cash balance account attributable to contributions made
19 prior to January 1, 1984, that were transferred pursuant to the
20 act, the 1994 Group Annuity Mortality Table for males shall be
21 used;

22 (2) Annuity means equal monthly payments provided by the
23 retirement system to a member or beneficiary under forms determined
24 by the board beginning the first day of the month after an
25 annuity election is received in the office of the Nebraska Public

1 Employees Retirement Systems or the first day of the month after
2 the employee's termination of employment, whichever is later. The
3 last payment shall be at the end of the calendar month in which the
4 member dies or in accordance with the payment option chosen by the
5 member;

6 (3) Annuity start date means the date upon which a
7 member's annuity is first effective and shall be the first day of
8 the month following the member's termination or following the date
9 the application is received by the board, whichever is later;

10 (4) Cash balance benefit means a member's retirement
11 benefit that is equal to an amount based on annual employee
12 contribution credits plus interest credits and, if vested, employer
13 contribution credits plus interest credits and dividend amounts
14 credited in accordance with subdivision (4)(c) of section 23-2317;

15 (5)(a) Compensation means gross wages or salaries payable
16 to the member for personal services performed during the plan
17 year. Compensation does not include insurance premiums converted
18 into cash payments, reimbursement for expenses incurred, fringe
19 benefits, or bonuses for services not actually rendered, including,
20 but not limited to, early retirement inducements, cash awards,
21 and severance pay, except for retroactive salary payments paid
22 pursuant to court order, arbitration, or litigation and grievance
23 settlements. Compensation includes overtime pay, member retirement
24 contributions, and amounts contributed by the member to plans under
25 sections 125, 403(b), and 457 of the Internal Revenue Code or any

1 other section of the code which defers or excludes such amounts
2 from income.

3 (b) Compensation in excess of the limitations set forth
4 in section 401(a)(17) of the Internal Revenue Code shall be
5 disregarded. For an employee who was a member of the retirement
6 system before the first plan year beginning after December 31,
7 1995, the limitation on compensation shall not be less than the
8 amount which was allowed to be taken into account under the
9 retirement system as in effect on July 1, 1993;

10 (6) Date of adoption of the retirement system by each
11 county means the first day of the month next following the date of
12 approval of the retirement system by the county board or January 1,
13 1987, whichever is earlier;

14 (7) Date of disability means the date on which a member
15 is determined by the board to be disabled;

16 (8) Defined contribution benefit means a member's
17 retirement benefit from a money purchase plan in which member
18 benefits equal annual contributions and earnings pursuant to
19 section 23-2309 and, if vested, employer contributions and earnings
20 pursuant to section 23-2310;

21 (9) Disability means an inability to engage in a
22 substantially gainful activity by reason of any medically
23 determinable physical or mental impairment which can be expected to
24 result in death or be of a long and indefinite duration;

25 (10) Employee means all persons or officers who are

1 employed by a county of the State of Nebraska on a permanent basis,
2 persons or officers employed by or serving in a municipal county
3 formed by at least one county participating in the retirement
4 system, persons employed as provided in section 2-1608, all elected
5 officers of a county, and such other persons or officers as
6 are classified from time to time as permanent employees by the
7 county board of the county by which they are employed, except
8 that employee does not include law enforcement officers, judges,
9 employees or officers of any county having a population in excess
10 of one hundred fifty thousand inhabitants, or, except as provided
11 in section 23-2306, persons making contributions to the School
12 Retirement System of the State of Nebraska;

13 (11) Employee contribution credit means an amount equal
14 to the member contribution amount required by section 23-2307;

15 (12) Employer contribution credit means an amount equal
16 to the employer contribution amount required by section 23-2308;

17 (13) Final account value means the value of a member's
18 account on the date the account is either distributed to the member
19 or used to purchase an annuity from the plan, which date shall
20 occur as soon as administratively practicable after receipt of a
21 valid application for benefits, but no sooner than forty-five days
22 after the member's termination;

23 (14) Five-year break in service means a period of five
24 consecutive one-year breaks in service;

25 (15) Full-time employee means an employee who is employed

1 to work one-half or more of the regularly scheduled hours during
2 each pay period;

3 (16) Future service means service following the date of
4 adoption of the retirement system;

5 (17) Guaranteed investment contract means an investment
6 contract or account offering a return of principal invested plus
7 interest at a specified rate. For investments made after July
8 19, 1996, guaranteed investment contract does not include direct
9 obligations of the United States or its instrumentalities, bonds,
10 participation certificates or other obligations of the Federal
11 National Mortgage Association, the Federal Home Loan Mortgage
12 Corporation, or the Government National Mortgage Association,
13 or collateralized mortgage obligations and other derivative
14 securities. This subdivision shall not be construed to require the
15 liquidation of investment contracts or accounts entered into prior
16 to July 19, 1996;

17 (18) Interest credit rate means the greater of (a) five
18 percent or (b) the applicable federal mid-term rate, as published
19 by the Internal Revenue Service as of the first day of the calendar
20 quarter for which interest credits are credited, plus one and
21 one-half percent, such rate to be compounded annually;

22 (19) Interest credits means the amounts credited to the
23 employee cash balance account and the employer cash balance account
24 at the end of each day. Such interest credit for each account
25 shall be determined by applying the daily portion of the interest

1 credit rate to the account balance at the end of the previous day.
2 Such interest credits shall continue to be credited to the employee
3 cash balance account and the employer cash balance account after
4 a member ceases to be an employee, except that no such credit
5 shall be made with respect to the employee cash balance account
6 and the employer cash balance account for any day beginning on
7 or after the member's date of final account value. If benefits
8 payable to the member's surviving spouse or beneficiary are delayed
9 after the member's death, interest credits shall continue to be
10 credited to the employee cash balance account and the employer
11 cash balance account until such surviving spouse or beneficiary
12 commences receipt of a distribution from the plan;

13 (20) Member cash balance account means an account equal
14 to the sum of the employee cash balance account and, if vested,
15 the employer cash balance account and dividend amounts credited in
16 accordance with subdivision (4)(c) of section 23-2317;

17 (21) One-year break in service means a plan year during
18 which the member has not completed more than five hundred hours of
19 service;

20 (22) Participation means qualifying for and making the
21 required deposits to the retirement system during the course of a
22 plan year;

23 (23) Part-time employee means an employee who is employed
24 to work less than one-half of the regularly scheduled hours during
25 each pay period;

1 (24) Plan year means the twelve-month period beginning on
2 January 1 and ending on December 31;

3 (25) Prior service means service prior to the date of
4 adoption of the retirement system;

5 (26) Regular interest means the rate of interest earned
6 each calendar year as determined by the retirement board in
7 conformity with actual and expected earnings on the investments
8 through December 31, 1985;

9 (27) Required contribution means the deduction to be made
10 from the compensation of employees as provided in the act;

11 (28) Retirement means qualifying for and accepting
12 the retirement benefit granted under the act after terminating
13 employment;

14 (29) Retirement board or board means the Public Employees
15 Retirement Board;

16 (30) Retirement system means the Retirement System for
17 Nebraska Counties;

18 (31) Service means the actual total length of employment
19 as an employee and is not deemed to be interrupted by (a) temporary
20 or seasonal suspension of service that does not terminate the
21 employee's employment, (b) leave of absence authorized by the
22 employer for a period not exceeding twelve months, (c) leave
23 of absence because of disability, or (d) military service, when
24 properly authorized by the retirement board. Service does not
25 include any period of disability for which disability retirement

1 benefits are received under section 23-2315;

2 (32) Surviving spouse means (a) the spouse married to
3 the member on the date of the member's death or (b) the spouse
4 or former spouse of the member if survivorship rights are provided
5 under a qualified domestic relations order filed with the board
6 pursuant to the Spousal Pension Rights Act. The spouse or former
7 spouse shall supersede the spouse married to the member on the
8 date of the member's death as provided under a qualified domestic
9 relations order. If the benefits payable to the spouse or former
10 spouse under a qualified domestic relations order are less than
11 the value of benefits entitled to the surviving spouse, the spouse
12 married to the member on the date of the member's death shall be
13 the surviving spouse for the balance of the benefits;

14 (33) Termination of employment occurs on the date on
15 which a county which is a member of the retirement system
16 determines that its employer-employee relationship with an employee
17 is dissolved. The county shall notify the board of the date on
18 which such a termination has occurred. Termination of employment
19 does not occur if an employee whose employer-employee relationship
20 with a county is dissolved enters into an employer-employee
21 relationship with the same or another county which participates
22 in the Retirement System for Nebraska Counties and there are less
23 than one hundred twenty days between the date when the employee's
24 employer-employee relationship ceased with the county and the date
25 when the employer-employee relationship commenced with the same or

1 another county which qualifies the employee for participation in
2 the plan. It shall be the responsibility of the current employer to
3 notify the board of such change in employment and provide the board
4 with such information as the board deems necessary. If the board
5 determines that termination of employment has not occurred and a
6 termination benefit has been paid to a member of the retirement
7 system pursuant to section 23-2319, the board shall require the
8 member who has received such benefit to repay the benefit to the
9 retirement system; and

10 (34) Vesting credit means credit for years, or a fraction
11 of a year, of participation in another Nebraska governmental plan
12 for purposes of determining vesting of the employer account.

13 Sec. 48. Section 77-3442, Revised Statutes Cumulative
14 Supplement, 2008, is amended to read:

15 77-3442 (1) Property tax levies for the support of local
16 governments for fiscal years beginning on or after July 1, 1998,
17 shall be limited to the amounts set forth in this section except as
18 provided in section 77-3444.

19 (2)(a) Except as provided in subdivision (2)(e) of this
20 section, school districts and multiple-district school systems,
21 except learning communities and school districts that are members
22 of learning communities, may levy a maximum levy of one dollar and
23 five cents per one hundred dollars of taxable valuation of property
24 subject to the levy.

25 (b) For each fiscal year, learning communities may levy

1 a maximum levy for the general fund budgets of member school
2 districts of ninety-five cents per one hundred dollars of taxable
3 valuation of property subject to the levy. The proceeds from the
4 levy pursuant to this subdivision shall be distributed pursuant to
5 section 79-1073.

6 (c) Except as provided in subdivision (2)(e) of this
7 section, for each fiscal year, school districts that are members
8 of learning communities may levy for purposes of such districts'
9 general fund budget and special building funds a maximum combined
10 levy of the difference of one dollar and five cents on each one
11 hundred dollars of taxable property subject to the levy minus
12 the learning community levies pursuant to subdivisions (2)(b) and
13 (2)(g) of this section for such learning community.

14 (d) Excluded from the limitations in subdivisions (2)(a)
15 and (2)(c) of this section are amounts levied to pay for
16 sums agreed to be paid by a school district to certificated
17 employees in exchange for a voluntary termination of employment
18 and amounts levied to pay for special building funds and sinking
19 funds established for projects commenced prior to April 1, 1996,
20 for construction, expansion, or alteration of school district
21 buildings. For purposes of this subsection, commenced means any
22 action taken by the school board on the record which commits
23 the board to expend district funds in planning, constructing, or
24 carrying out the project.

25 (e) Federal aid school districts may exceed the maximum

1 levy prescribed by subdivision (2)(a) or (2)(c) of this section
2 only to the extent necessary to qualify to receive federal aid
3 pursuant to Title VIII of Public Law 103-382, as such title existed
4 on September 1, 2001. For purposes of this subdivision, federal
5 aid school district means any school district which receives ten
6 percent or more of the revenue for its general fund budget from
7 federal government sources pursuant to Title VIII of Public Law
8 103-382, as such title existed on September 1, 2001.

9 (f) For school fiscal year 2002-03 through school fiscal
10 year 2007-08, school districts and multiple-district school systems
11 may, upon a three-fourths majority vote of the school board of
12 the school district, the board of the unified system, or the
13 school board of the high school district of the multiple-district
14 school system that is not a unified system, exceed the maximum
15 levy prescribed by subdivision (2)(a) of this section in an amount
16 equal to the net difference between the amount of state aid that
17 would have been provided under the Tax Equity and Educational
18 Opportunities Support Act without the temporary aid adjustment
19 factor as defined in section 79-1003 for the ensuing school fiscal
20 year for the school district or multiple-district school system
21 and the amount provided with the temporary aid adjustment factor.
22 The State Department of Education shall certify to the school
23 districts and multiple-district school systems the amount by which
24 the maximum levy may be exceeded for the next school fiscal year
25 pursuant to this subdivision (f) of this subsection on or before

1 February 15 for school fiscal years 2004-05 through 2007-08.

2 (g) For each fiscal year, learning communities may levy a
3 maximum levy of two cents on each one hundred dollars of taxable
4 property subject to the levy for special building funds for member
5 school districts. The proceeds from the levy pursuant to this
6 subdivision shall be distributed pursuant to section 79-1073.01.

7 (h) For each fiscal year, learning communities may levy
8 a maximum levy of five cents on each one hundred dollars of
9 taxable property subject to the levy for elementary learning center
10 facilities and for up to fifty percent of the estimated cost for
11 capital projects approved by the learning community coordinating
12 council pursuant to section 79-2111.

13 (3) Community colleges may levy a maximum levy calculated
14 pursuant to the Community College Foundation and Equalization Aid
15 Act on each one hundred dollars of taxable property subject to the
16 levy.

17 (4) (a) Natural resources districts may levy a maximum
18 levy of four and one-half cents per one hundred dollars of taxable
19 valuation of property subject to the levy.

20 (b) Natural resources districts shall also have the power
21 and authority to levy a tax equal to the dollar amount by which
22 their restricted funds budgeted to administer and implement ground
23 water management activities and integrated management activities
24 under the Nebraska Ground Water Management and Protection Act
25 exceed their restricted funds budgeted to administer and implement

1 ground water management activities and integrated management
2 activities for FY2003-04, not to exceed one cent on each one
3 hundred dollars of taxable valuation annually on all of the taxable
4 property within the district.

5 (c) In addition, natural resources districts located in
6 a river basin, subbasin, or reach that has been determined to
7 be fully appropriated pursuant to section 46-714 or designated
8 as overappropriated pursuant to section 46-713 by the Department
9 of Natural Resources shall also have the power and authority to
10 levy a tax equal to the dollar amount by which their restricted
11 funds budgeted to administer and implement ground water management
12 activities and integrated management activities under the Nebraska
13 Ground Water Management and Protection Act exceed their restricted
14 funds budgeted to administer and implement ground water management
15 activities and integrated management activities for FY2005-06, not
16 to exceed three cents on each one hundred dollars of taxable
17 valuation on all of the taxable property within the district for
18 fiscal year 2006-07 and each fiscal year thereafter through fiscal
19 year 2011-12.

20 (5) Any educational service unit authorized to levy a
21 property tax pursuant to section 79-1225 may levy a maximum levy of
22 one and one-half cents per one hundred dollars of taxable valuation
23 of property subject to the levy.

24 (6)(a) Incorporated cities and villages which are not
25 within the boundaries of a municipal county may levy a maximum levy

1 of forty-five cents per one hundred dollars of taxable valuation
2 of property subject to the levy plus an additional five cents per
3 one hundred dollars of taxable valuation to provide financing for
4 the municipality's share of revenue required under an agreement
5 or agreements executed pursuant to the Interlocal Cooperation Act
6 or the Joint Public Agency Act. The maximum levy shall include
7 amounts levied to pay for sums to support a library pursuant
8 to section 51-201, museum pursuant to section 51-501, visiting
9 community nurse, home health nurse, or home health agency pursuant
10 to section 71-1637, or statue, memorial, or monument pursuant to
11 section 80-202.

12 (b) Incorporated cities and villages which are within the
13 boundaries of a municipal county may levy a maximum levy of ninety
14 cents per one hundred dollars of taxable valuation of property
15 subject to the levy. The maximum levy shall include amounts paid
16 to a municipal county for county services, amounts levied to pay
17 for sums to support a library pursuant to section 51-201, a museum
18 pursuant to section 51-501, a visiting community nurse, home health
19 nurse, or home health agency pursuant to section 71-1637, or a
20 statue, memorial, or monument pursuant to section 80-202.

21 (7) Sanitary and improvement districts which have been in
22 existence for more than five years may levy a maximum levy of forty
23 cents per one hundred dollars of taxable valuation of property
24 subject to the levy, and sanitary and improvement districts which
25 have been in existence for five years or less shall not have

1 a maximum levy. Unconsolidated sanitary and improvement districts
2 which have been in existence for more than five years and are
3 located in a municipal county may levy a maximum of eighty-five
4 cents per hundred dollars of taxable valuation of property subject
5 to the levy.

6 (8) ~~Counties~~ Except as permitted in section 45 of this
7 act, counties may levy or authorize a maximum levy of fifty cents
8 per one hundred dollars of taxable valuation of property subject to
9 the levy, except that five cents per one hundred dollars of taxable
10 valuation of property subject to the levy may only be levied to
11 provide financing for the county's share of revenue required under
12 an agreement or agreements executed pursuant to the Interlocal
13 Cooperation Act or the Joint Public Agency Act. The maximum levy
14 shall include amounts levied to pay for sums to support a library
15 pursuant to section 51-201 or museum pursuant to section 51-501.
16 The county may allocate up to fifteen cents of its authority
17 to other political subdivisions subject to allocation of property
18 tax authority under subsection (1) of section 77-3443 and not
19 specifically covered in this section to levy taxes as authorized by
20 law which do not collectively exceed fifteen cents per one hundred
21 dollars of taxable valuation on any parcel or item of taxable
22 property. The county may allocate to one or more other political
23 subdivisions subject to allocation of property tax authority by the
24 county under subsection (1) of section 77-3443 some or all of the
25 county's five cents per one hundred dollars of valuation authorized

1 for support of an agreement or agreements to be levied by the
2 political subdivision for the purpose of supporting that political
3 subdivision's share of revenue required under an agreement or
4 agreements executed pursuant to the Interlocal Cooperation Act or
5 the Joint Public Agency Act. If an allocation by a county would
6 cause another county to exceed its levy authority under this
7 section, the second county may exceed the levy authority in order
8 to levy the amount allocated.

9 (9) ~~Municipal~~ Except as permitted in section 45 of this
10 act, municipal counties may levy or authorize a maximum levy
11 of one dollar per one hundred dollars of taxable valuation of
12 property subject to the levy. The municipal county may allocate
13 levy authority to any political subdivision or entity subject to
14 allocation under section 77-3443.

15 (10) Property tax levies for judgments, except judgments
16 or orders from the Commission of Industrial Relations, obtained
17 against a political subdivision which require or obligate a
18 political subdivision to pay such judgment, to the extent such
19 judgment is not paid by liability insurance coverage of a
20 political subdivision, for preexisting lease-purchase contracts
21 approved prior to July 1, 1998, for bonded indebtedness approved
22 according to law and secured by a levy on property except as
23 provided in section 44-4317 for bonded indebtedness issued by
24 educational service units and school districts, and for payments by
25 a public airport to retire interest-free loans from the Department

1 of Aeronautics in lieu of bonded indebtedness at a lower cost to
2 the public airport are not included in the levy limits established
3 by this section.

4 (11) The limitations on tax levies provided in this
5 section are to include all other general or special levies
6 provided by law. Notwithstanding other provisions of law, the
7 only exceptions to the limits in this section are those provided by
8 or authorized by sections 77-3442 to 77-3444.

9 (12) Tax levies in excess of the limitations in this
10 section shall be considered unauthorized levies under section
11 77-1606 unless approved under section 77-3444.

12 (13) For purposes of sections 77-3442 to 77-3444,
13 political subdivision means a political subdivision of this state
14 and a county agricultural society.

15 (14) For school districts that file a binding resolution
16 on or before May 9, 2008, with the county assessors, county clerks,
17 and county treasurers for all counties in which the school district
18 has territory pursuant to subsection (7) of section 79-458, if the
19 combined levies, except levies for bonded indebtedness approved by
20 the voters of the school district and levies for the refinancing
21 of such bonded indebtedness, are in excess of the greater of (a)
22 one dollar and twenty cents per one hundred dollars of taxable
23 valuation of property subject to the levy or (b) the maximum
24 levy authorized by a vote pursuant to section 77-3444, all school
25 district levies, except levies for bonded indebtedness approved by

1 the voters of the school district and levies for the refinancing of
2 such bonded indebtedness, shall be considered unauthorized levies
3 under section 77-1606.

4 Sec. 49. Section 84-1503, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 84-1503 (1) It shall be the duty of the Public Employees
7 Retirement Board:

8 (a) To administer the retirement systems provided for in
9 the County Employees Retirement Act, the Judges Retirement Act, the
10 County Law Enforcement Officer Retirement Act, the Nebraska State
11 Patrol Retirement Act, the School Employees Retirement Act, and the
12 State Employees Retirement Act. The agency for the administration
13 of the retirement systems and under the direction of the board
14 shall be known and may be cited as the Nebraska Public Employees
15 Retirement Systems;

16 (b) To appoint a director to administer the systems under
17 the direction of the board. The appointment shall be subject to
18 the approval of the Governor and a majority of the Legislature.
19 The director shall be qualified by training and have at least five
20 years of experience in the administration of a qualified public
21 or private employee retirement plan. The director shall not be a
22 member of the board. The salary of the director shall be set by the
23 board. The director shall serve without term and may be removed by
24 the board;

25 (c) To provide for an equitable allocation of expenses

1 among the retirement systems administered by the board, and all
2 expenses shall be provided from the investment income earned by the
3 various retirement funds unless alternative sources of funds to pay
4 expenses are specified by law;

5 (d) To administer the deferred compensation program
6 authorized in section 84-1504;

7 (e) To hire an attorney, admitted to the Nebraska State
8 Bar Association, to advise the board in the administration of the
9 retirement systems listed in subdivision (a) of this subsection;

10 (f) To hire an internal auditor to perform the duties
11 described in section 84-1503.04 who meets the minimum standards as
12 described in section 84-304.03;

13 (g) To adopt and implement procedures for reporting
14 information by employers, as well as testing and monitoring
15 procedures in order to verify the accuracy of such information.
16 The information necessary to determine membership shall be provided
17 by the employer. The board shall adopt and promulgate rules
18 and regulations and prescribe such forms necessary to carry out
19 this subdivision. Nothing in this subdivision shall be construed
20 to require the board to conduct onsite audits of political
21 subdivisions for compliance with statutes, rules, and regulations
22 governing the retirement systems listed in subdivision (1)(a) of
23 this section regarding membership and contributions; and

24 (h) To prescribe and furnish forms for the public
25 retirement system plan reports required to be filed pursuant

1 to sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017,
2 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, 71-1631.02, and 79-987
3 and to notify the Nebraska Retirement Systems Committee of the
4 Legislature of the failure of any governmental entity to file such
5 reports.

6 (2) In administering the retirement systems listed in
7 subdivision (1)(a) of this section, it shall be the duty of the
8 board:

9 (a) To determine, based on information provided by the
10 employer, the prior service annuity, if any, for each person who is
11 an employee of the county on the date of adoption of the retirement
12 system;

13 (b) To determine the eligibility of an individual to be
14 a member of the retirement system and other questions of fact in
15 the event of a dispute between an individual and the individual's
16 employer;

17 (c) To adopt and promulgate rules and regulations for the
18 management of the board;

19 (d) To keep a complete record of all proceedings taken at
20 any meeting of the board;

21 (e) To obtain, by a competitive, formal, and sealed
22 bidding process through the materiel division of the Department
23 of Administrative Services, actuarial services on behalf of the
24 State of Nebraska as may be necessary in the administration and
25 development of the retirement systems. Any contract for actuarial

1 services shall contain a provision allowing the actuary, without
2 prior approval of the board, to perform actuarial studies of the
3 systems as requested by entities other than the board, if notice,
4 which does not identify the entity or substance of the request, is
5 given to the board, all costs are paid by the requesting entity,
6 results are provided to the board upon being made public, and
7 such actuarial studies do not interfere with the actuary's ongoing
8 responsibility to the board. The term of the contract shall be
9 for up to three years. A competitive, formal, and sealed bidding
10 process shall be completed at least once in every three years,
11 unless the board determines that such a process would not be cost
12 effective under the circumstances and that the actuarial services
13 performed have been satisfactory, in which case the contract may
14 also contain an option for renewal without a competitive, formal,
15 and sealed bidding process for up to three additional years. An
16 actuary under contract for the State of Nebraska shall be a member
17 of the American Academy of Actuaries;

18 (f) To direct the State Treasurer to transfer funds, as
19 an expense of the retirement systems, to the Legislative Council
20 Retirement Study Fund. Such transfer shall occur beginning on or
21 after July 1, 2005, and at intervals of not less than five years
22 and not more than fifteen years and shall be in such amounts as the
23 Legislature shall direct;

24 (g) To adopt and promulgate rules and regulations to
25 carry out the provisions of each retirement system described in

1 subdivision (1)(a) of this section, which shall include, but not
2 be limited to, the crediting of military service, direct rollover
3 distributions, and the acceptance of rollovers;

4 (h) To obtain, by a competitive, formal, and sealed
5 bidding process through the materiel division of the Department
6 of Administrative Services, auditing services for a separate
7 compliance audit of the retirement systems to be completed by
8 December 31, 2007, and from time to time thereafter at the request
9 of the Nebraska Retirement Systems Committee, to be completed not
10 more than every four years but not less than every ten years.
11 The compliance audit shall be in addition to the annual audit
12 conducted by the Auditor of Public Accounts. The compliance audit
13 shall include, but not be limited to, an examination of records,
14 files, and other documents and an evaluation of all policies and
15 procedures to determine compliance with all state and federal laws.
16 A copy of the compliance audit shall be given to the Governor, the
17 board, and the Nebraska Retirement Systems Committee and shall be
18 presented to the committee at a public hearing;

19 (i) To adopt and promulgate rules and regulations for the
20 adjustment of contributions or benefits, which shall include, but
21 not be limited to: (i) The procedures for refunding contributions,
22 adjusting future contributions or benefit payments, and requiring
23 additional contributions or repayment of benefits; (ii) the process
24 for a member, member's beneficiary, employee, or employer to
25 dispute an adjustment to contributions or benefits; and (iii)

1 notice provided to all affected persons. All notices shall be sent
2 prior to an adjustment and shall describe the process for disputing
3 an adjustment to contributions or benefits; and

4 (j) To administer all retirement system plans in a manner
5 which will maintain each plan's status as a qualified plan pursuant
6 to the Internal Revenue Code. The board shall adopt and promulgate
7 rules and regulations necessary or appropriate to maintain such
8 status including, but not limited to, rules or regulations which
9 restrict discretionary or optional contributions to a plan or which
10 limit distributions from a plan.

11 (3) By March 15 of each year, the board shall prepare a
12 written plan of action and shall present such plan to the Nebraska
13 Retirement Systems Committee at a public hearing. The plan shall
14 include, but not be limited to, the board's funding policy, the
15 administrative costs and other fees associated with each fund and
16 plan overseen by the board, member education and informational
17 programs, the director's duties and limitations, an organizational
18 structure of the office of the Nebraska Public Employees Retirement
19 Systems, and the internal control structure of such office to
20 ensure compliance with state and federal laws.

21 Sec. 50. Section 84-1511, Reissue Revised Statutes of
22 Nebraska, is amended to read:

23 84-1511 (1) The Public Employees Retirement Board shall
24 establish a comprehensive preretirement planning program for state
25 patrol officers, state employees, judges, county employees, and

1 school employees who are members of the retirement systems
2 established pursuant to the Class V School Employees Retirement
3 Act, the County Employees Retirement Act, the Judges Retirement
4 Act, the ~~School Employees~~ County Law Enforcement Officer Retirement
5 Act, the Nebraska State Patrol Retirement Act, the School Employees
6 Retirement Act, and the State Employees Retirement Act. The program
7 shall provide information and advice regarding the many changes
8 employees face upon retirement including, but not limited to,
9 changes in physical and mental health, housing, family life,
10 leisure activity, and retirement income.

11 (2) The preretirement planning program shall be available
12 to all employees who have attained the age of fifty or are within
13 five years of qualifying for retirement or early retirement under
14 their retirement systems.

15 (3) The preretirement planning program shall include
16 information on the federal and state income tax consequences of
17 the various annuity or retirement benefit options available to the
18 employee, information on social security benefits, information on
19 various local, state, and federal government programs and programs
20 in the private sector designed to assist elderly persons, and
21 information and advice the board deems valuable in assisting public
22 employees in the transition from public employment to retirement.

23 (4) The board shall work with the Department of Health
24 and Human Services, the personnel division of the Department
25 of Administrative Services, employee groups, and any other

1 governmental agency, including political subdivisions or bodies
2 whose services or expertise may enhance the development or
3 implementation of the preretirement planning program.

4 (5) Funding to cover the expense of the preretirement
5 planning program shall be charged back to each retirement fund on a
6 pro rata share based on the number of employees in each plan.

7 (6) The employer shall provide each eligible employee
8 leave with pay to attend up to two preretirement planning programs.
9 For purposes of this subsection, leave with pay shall mean a
10 day off paid by the employer and shall not mean vacation, sick,
11 personal, or compensatory time. An employee may choose to attend
12 a program more than twice, but such leave shall be at the expense
13 of the employee and shall be at the discretion of the employer.
14 An eligible employee shall not be entitled to attend more than
15 one preretirement planning program per fiscal year prior to actual
16 election of retirement.

17 (7) A nominal registration fee shall be charged each
18 person attending a preretirement planning program to cover the
19 costs for meals, meeting rooms, or other expenses incurred under
20 such program.

21 Sec. 51. This act becomes operative on January 1, 2010.

22 Sec. 52. Original sections 23-2301, 84-1503, and 84-1511,
23 Reissue Revised Statutes of Nebraska, and section 77-3442, Revised
24 Statutes Cumulative Supplement, 2008, are repealed.